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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS  
NATIONAL TELECOMMUNICATIONS COMMISSION  
BIR Road, East Triangle, Diliman, Quezon City

Rec'd 1/12/05  
To Anna Lim  
Jim Ball

November 4, 2004

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03-38

**Mr. Donald Abelson**  
**Chief, International Bureau**  
**U.S. Federal Communications Commission ( FCC )**  
**445 12<sup>th</sup> Street, S.W.**  
**Washington D.C. 20554**

**Dear Mr. Abelson ,**

It was very nice of you to have gone out of your way to meet with the delegation from the Philippine National Telecommunications Commission ( NTC ) last October 15, 2004, the final day of our study visit at the US FCC under its International Visitors Program ( IVP ). We enjoyed our discussion with you over lunch regarding similar regulatory concerns of the FCC and NTC and various issues facing the information and communications technology industry like 3G and VOIP. That was a brief meeting but our straightforward exchange of ideas on numerous subjects especially the termination rates involving the Philippine carriers such as the early lifting of the US-Philippine route from the International Settlements Policy ( ISP ) and the pending PLDT's Petition for Reconsideration to vacate the US FCC's June 4 and March 3 Orders, was indeed a welcome opportunity.

Last November 5, 2004 we read that the US FCC International Bureau issued a Public Notice announcing additional routes exempted from the International Settlements Policy pursuant to its ISP Reform First Report and Order, and, the US-Philippine route is not among them.

Said Public Notice dated November 4, 2004 with a caption - Additional U.S.-International Routes Exempted from the International Settlements Policy, IB Docket Nos. 02-324,96-261, made the following reference statements to the US-Philippine route :

*"With respect to the US-Philippine route, we will issue a separate order after we have had the opportunity to conduct a complete review of the issues and concerns raised during the comment period. A complete list of routes that now are exempt from the ISP is set forth in Attachment B".*

Under said Public Notice, petitions for reconsideration may be filed within thirty days.

*"Bringing Philippines telecommunications to new heights in the new millennium"*

Mr. Abelson, if you remember, we promised to submit to you in writing the arguments we expressed during our said meeting.

Of course, we also do remember what you told us about the two ( 2 ) ways or approaches to address this issue of lifting the US-Philippine route from the ISP regulation.

As promised, therefore, and made urgent now by the recent FCC's Public Notice dated November 4, 2004, we are submitting herewith the NTC's position on this now long drawn out issue of FCC's non-lifting of the US - Philippine route from the ISP regulation.

1. Firstly, we thought all along that all the disputed issues related to termination rate had been put to rest when the Philippine and US carriers were able to negotiate and later concluded agreements at fair and reasonable termination rate levels which caused the resumption of services, settlements and payments on or before January 2004 and especially, the lifting by the FCC's International Bureau of its stop payment order.
2. The removal of the US-Philippine route from the ISP would certainly benefit the millions of consumers in the two ( 2 ) countries that, we understand, is now being served by several competitive carriers. The onset of Christmas season which had already started in the Philippines since September, had made the lifting of US-Philippine route imperative in view of the Filipino time-honored tradition to regularly communicate and get in touch with the family members during this period.
3. The competitiveness of the US-Philippine route would be enhanced by the lifting of ISP, more so, as the carriers begin to renew and revise their existing agreements by the end of the year.
4. The NTC is invoking the October 2003 letter of Chairman Michael Powell to then Commissioner Borje where Mr. Powell assured the NTC that the FCC would move quickly to lift the Philippines' ISP status when reviewing the March 2003 Stop Payment Order. Unfortunately, despite said assurance, until now the US-Philippine route remains non-exempt from ISP.
5. The major carriers like AT&T, MCI and Sprint had already urged the FCC to lift the ISP and, likewise, issued certifications that Philippine termination rates comply with FCC's benchmarks.
6. On the Access Int'l objection to the lifting of ISP, the NTC appeals to FCC that the same be resolved immediately. That its pendency, because of the requirements of complete review, should not unduly extend the lifting of the US-Philippine route from ISP.

7. Finally, may we call the attention of the IB to FCC's very own acknowledgement that there is no reason to maintain the ISP on the US-Philippine route, with the following words :

**“ removing the ISP requirements from the benchmark-compliant routes would simplify the Commission's current regulatory regime and would serve the purpose of expanding the opportunity for flexible, commercial arrangements on more routes to the benefit of US competition and US customers ”.**

Mr. Abelson, we hope we have made our position clear that there is urgency to lift the US-Philippine route from ISP and we hope that this letter may be able to contribute to the early resolution of the issues pending before the US FCC.

Thank you and best regards.

Very truly yours,

  
**RONALD OLIVAR SOLIS**  
Commissioner

Cc: Michael K. Powell  
Chairman  
U.S. Federal Communication Commission (FCC)